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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 54 and 69

[WC Docket Nos. 10-90, 14-58; CC Docket No. 01-92; FCC 16-33]

Connect America Fund, ETC Annual Reports and Certifications, Developing a Unified Intercarrier Compensation Regime

AGENCY: Federal Communications Commission.

ACTION: Final rule; correction and technical amendment.

SUMMARY: This document corrects errors in the supplementary information and final rules portions of a Federal Register document adopting significant reforms to place the universal service program on solid footing for the next decade to “preserve and advance” voice and broadband service in areas served by rate-of-return carriers. The summary was published in the Federal Register on April 25, 2016.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Alexander Minard, Wireline Competition Bureau, (202) 418-7400.

SUPPLEMENTARY INFORMATION: This summary contains corrections and technical amendments to the supplementary information portion of a Federal Register summary, 81 FR 24282 (April 25, 2016). The full text of the Commission’s Report and Order, Order and Order on Reconsideration in WC Docket Nos. 10-90, 14-58; CC Docket No. 01-92; FCC 16-33, released on March 30, 2016 is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 12th Street, SW, Washington, DC, 20554.

Corrections

In final rule FR Doc. 2016-08375, published April 25, 2016 (81 FR 24282), make the following preamble corrections:

1. On page 24286, in the first column, in paragraph 24, twenty first, twenty second, twenty third, twenty fourth, twenty fifth, twenty sixth, twenty seventh, twenty eighth, twenty ninth, thirtieth and thirty first lines, replace “The Commission does not set interim milestones for the deployment of broadband speeds of 25/3 Mbps; the Commission requires carriers receiving model-based support to offer to at least 25/3 Mbps broadband service carriers to 25 percent or 75 percent of the requisite locations by the end of the 10-year term, depending upon the state-level density discussed above” with “The Commission does not set interim milestones for the deployment of broadband speeds of 25/3 Mbps; the Commission requires carriers receiving model-based support to offer at least 25/3 Mbps broadband service to 25 percent, 50 percent or 75 percent of the requisite locations by the end of the 10-year term, depending upon the state-level density discussed above.”

2. On page 24286, in the third column, in paragraph 28, third line, replace “final version A-CAM” with “final version of A-CAM.”

3. On page 24287, in the first column, in paragraph 29, thirteenth line, replace “where the incumbent” with “where an incumbent.”

4. On page 24296, in the second column, in paragraph 93, first and second lines, replace “Within 30 days of the effective date of this Report and Order” with “Within 30 days of the release of a Public Notice announcing that the Commission has obtained the appropriate Paperwork Reduction Act approval.”

5. On page 24300, in the first column, replace the current chart with the corrected chart below.

Competitive Ratio	Reduction Ratio
0%-20%	N/A
25%	3.3%
30%	6.7%
35%	10.0%
40%	13.3%
45%	16.7%
50%	20.0%
55%	25.0%
60%	30.0%
65%	35.0%
70%	40.0%
75%	45.0%
80%	50.0%
85%	62.5%
90%	75%
95%	87.5%
100%	100%

6. On page 24303, in the second column, in paragraph 142, twelfth and thirteenth lines, replace “specific five-year” with “specific amount of.”

7. On page 24304, in the third column, in paragraph 152, fifteenth line, replace “\$647.42” with “\$647.87.”

8. On page 24304, in the third column, eighteenth line, replace “\$744.53” with “\$745.06” and “\$62.04” with “\$62.09.”

Technical Amendments

List of Subjects

47 CFR Part 54

Communications common carriers, Health facilities, Infants and children, Internet, Libraries, Reporting and recordkeeping requirements, Schools, Telecommunications, Telephone.

47 CFR Part 69

Communications common carriers, Reporting and recordkeeping requirements, Telephone.

Accordingly, 47 CFR parts 54 and 69 are corrected by making the following correcting amendments:

PART 54 – UNIVERSAL SERVICE

1. The authority citation for part 54 continues to read as follows:

Authority: 47 U.S.C. 151, 154(i), 155, 201, 205, 214, 219, 220, 254, 303(r), 403, and 1302 unless otherwise noted.

2. In § 54.302, revise paragraphs (b) and (c) to read as follows:

§ 54.302 Monthly per-line limit on universal service support.

* * * * *

(b) For purposes of this section, universal service support is defined as the sum of the amounts calculated pursuant to §§ 54.1304, 54.1310, 54.305, and 54.901 through 54.904. Line counts for purposes of this section shall be as of the most recent line counts reported pursuant to § 54.903(a)(1).

(c) The Administrator, in order to limit support to \$250 for affected carriers, shall reduce safety net additive support, high-cost loop support, safety valve support, and Connect America Fund Broadband Loop Support in proportion to the relative amounts of each support the study area would receive absent such limitation.

3. In § 54.303, revise paragraphs (a)(1), (b), (e), and (f)(1) to read as follows:

§ 54.303 Eligible Capital Investment and Operating Expenses.

(a) * * *

(1) Total eligible annual operating expenses per location shall be limited as follows:

Calculate $\text{Exp}(\hat{Y} + 1.5 * \text{mean square error of the regression})$, where

$$\hat{Y} = \hat{\alpha} + \hat{\beta}_1 X_1 + \hat{\beta}_2 X_2 + \hat{\beta}_3 X_3$$

$\hat{\alpha}$, $\hat{\beta}_1$, $\hat{\beta}_2$, and $\hat{\beta}_3$ are the coefficients from the regression,

X_1 is the natural log of the number of housing units in the study area,

X_2 is the natural log of the number of density (number of housing units per square mile),

and

X_3 is the square of the natural log of the density

* * * * *

(b) Loop Plant Investment allowances. Data submitted by rate-of-return carriers for purposes of obtaining high-cost support under subparts K and M of this part may include any Loop

Plant Investment as described in paragraph (c)(1) of this section and any Excess Loop Plant Investment as described in paragraph (h) of this section, but may not include amounts in excess of the Annual Allowed Loop Plant Investment (AALPI) as described in paragraph (d) of this section. Amounts in excess of the AALPI will be removed from the categories or accounts described in paragraph (c)(1) of this section either on a direct basis when the amounts of the new loop plant investment can be directly assigned to a category or account, or on a pro-rata basis in accordance with each category or account's proportion to the total amount in each of the categories and accounts described in paragraph (c)(1) of this section when the new loop plant cannot be directly assigned. This limitation shall apply only with respect to Loop Plant Investment incurred after the effective date of this rule. If a carrier's required Loop Plant Investment exceeds the limitations set forth in this section as a result of deployment obligations in §54.308(a)(2), the carrier's AALPI will be increased to the actual Loop Plant Investment required by the carrier's deployment obligations, subject to the limitations of the Construction Allowance Adjustment in paragraph (f) of this section.

(c) * * *

(2) Total Loop Plant Investment equals amounts booked to the categories described in paragraph (c)(1) of this section, adjusted for inflation using the Department of Commerce's Gross Domestic Product Chain-type Price Index (GDP-CPI), as of December 31 of the Reference Year. Inflation adjustments shall be based on vintages where possible or otherwise calculated based on the year plant was put in service.

* * * * *

(e) Broadband Deployment AALPI adjustment: The AALPI calculated in paragraph (d) of this section shall be adjusted by the Administrator based upon the

difference between a carrier's broadband availability for each study area as reported on that carrier's most recent Form 477, and the weighted national average broadband availability for all rate-of-return carriers based on Form 477 data, as announced annually by the Wireline Competition Bureau in a Public Notice. For every percentage point that the carrier's broadband availability exceeds the weighted national average broadband availability for the Reference Year, that carrier's AALPI will be reduced by one percentage point. For every percentage point that the carrier's broadband availability is below the weighted national average broadband availability for the Reference Year, that carrier's AALPI will be increased by one percentage point.

(f) * * *

(1) Maximum Average Per Location Construction Project Loop Plant Investment Limitation equals the inflation adjusted equivalent to \$10,000 in the Reference Year calculated by multiplying \$10,000 times the applicable annual GDP-CPI. This inflation adjusted amount will be normalized across all study areas by multiplying the product above by (the Loop Cap Adjustment Factor times the Construction Limit Factor)

Where:

the Loop Cap Adjustment Factor equals the lesser of 1.0 or the annualized monthly per loop limit described in §54.302 (i.e., \$3,000) divided by the unadjusted per loop support amount for the study area (the annual HCLS and CAF-BLS support amount per loop in the study not capped by §54.302)

and

the Construction Limitation Factor equals the study area Total Loop Investment per Location divided by the overall Total Loop Investment per Location for all rate-of-return study areas.

* * * * *

4. In § 54.308, revise paragraph (a)(2)(iii)(B) to read as follows:

§ 54.308 Broadband public interest obligations for recipients of high-cost support

(a) * * *

(2) * * *

(iii) * * *

(B) No rate-of-return carrier shall deploy terrestrial wireline technology to unserved locations to meet this obligation if that would exceed the per location/per project capital investment allowance set forth in §54.303(f)(1).

* * * * *

5. In § 54.311, revise paragraph (d) to read as follows:

§ 54.311 Connect America Fund Alternative-Connect America Cost Model Support.

* * * * *

(d) Interim deployment milestones. Recipients of CAF-ACAM model-based support must complete deployment to 40 percent of fully funded locations by the end of 2020, to 50 percent of fully funded locations by the end of 2021, to 60 percent of fully funded locations by the end of 2022, to 70 percent of fully funded locations by the end of 2023, to 80 percent of fully funded locations by the end of 2024, to 90 percent of fully funded locations by the end of 2025, and to 100 percent of fully funded locations by the end of 2026. By the end of 2026, carriers must complete deployment of broadband meeting a standard of at least 25 Mbps downstream/3 Mbps upstream to the requisite number of locations specified in §54.308(a)(1)(i). Compliance

shall be determined based on the total number of fully funded locations in a state. Carriers that complete deployment to at least 95 percent of the requisite number of locations will be deemed to be in compliance with their deployment obligations. The remaining locations that receive capped support are subject to the standard specified in §54.308(a)(1)(ii).

* * * * *

6. In § 53.316, revise paragraph (c)(1)(i) to read as follows:

§54.316 Broadband deployment reporting and certification requirements for high-cost recipients.

* * * * *

(c) * * *

(1) * * *

(i) An eligible telecommunications carrier that files after the March 1 deadline, but by March 8, will have its support reduced in an amount equivalent to seven days in support;

* * * * *

7. In § 54.319, revise paragraphs (a) and (g)(1) through (5) to read as follows:

§54.319 Elimination of high-cost support in areas with 100 percent coverage by an unsubsidized competitor.

(a) High-cost universal service support provided pursuant to subparts K and M of this part shall be eliminated in an incumbent rate-of-return local exchange carrier study area where an unsubsidized competitor, or combination of unsubsidized competitors, as defined in §54.5, offer(s) to 100 percent of the residential and business locations in the study area voice and broadband service at speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet

Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, at rates that are reasonably comparable to rates for comparable offerings in urban areas.

* * * * *

(g) * * *

- (1) In the first year, 83 percent of the incumbent's disaggregated support for the competitive census blocks will be provided;
- (2) In the second year, 66 percent of the incumbent's disaggregated support for the competitive census blocks will be provided;
- (3) In the third year, 49 percent of the incumbent's disaggregated support for the competitive census blocks will be provided;
- (4) In the fourth year, 32 percent of the incumbent's disaggregated support the competitive census block will be provided;
- (5) In the fifth year, 15 percent of the incumbent's disaggregated support the competitive census blocks will be provided;

* * * * *

8. In § 54.901, revise paragraph (c)(2) to read as follows:

§54.901 Calculation of Connect America Fund Broadband Loop Support.

* * * * *

(c) * * *

- (2) The portion of the monthly per-loop amount computed pursuant to §54.1308(a)(4)(ii) that would be allocated to the Interstate Common Line Revenue Requirement or Consumer Broadband-only Loop Revenue Requirement pursuant to §69.409 of this chapter.

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PART 69 – ACCESS CHARGES

9. The authority citation for part 69 continues to read as follows:

Authority: 47 U.S.C. 154, 201, 202, 203, 205, 218, 220, 254, 403.

10. In § 69.311, revise paragraph (b)(1) to read as follows:

§ 69.311 Consumer Broadband-Only Loop investment.

* * * * *

(b) * * *

- (1) To determine the investment in Common Line facilities as if 100 percent were allocated to the interstate jurisdiction, a carrier shall use 100 percent as the interstate allocator in determining investment and the allocation of investment to the common line category under part 36 of this chapter and this part.

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Federal Communications Commission.

Marlene H. Dortch,
Secretary.

[FR Doc. 2017-04715 Filed: 3/17/2017 8:45 am; Publication Date: 3/20/2017]